

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Correctional Peace Officers Association of Santa Clara (the “Association”) is a lobbyist employer located in Milpitas. For two quarterly reporting periods between July 1, 2000 and December 31, 2000, Respondent failed to timely file two (2) Lobbyist Employer Reports. This matter arose from a referral from the Secretary of State’s Office.

For the purposes of this stipulation, Respondent’s violations of the Political Reform Act (the “Act”)<sup>1</sup> are stated as follows:

**COUNT 1:** Respondent Correctional Peace Officers Association of Santa Clara failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending September 30, 2000, by the October 31, 2000 due date, in violation of Section 86117, subdivision (a).

**COUNT 2:** Respondent Correctional Peace Officers Association of Santa Clara failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending December 31, 2000, by the January 31, 2001 due date, in violation of Section 86117, subdivision (a).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (b), is to ensure that the activities and finances of lobbyists are disclosed, so that improper influences are not directed at public officials. To that end, the Act requires registration and reporting by individuals and entities that make or receive payments for the purpose of influencing decisions of the State Legislature and state administrative agencies under the lobbying provisions contained in Sections 86100 through 86300.

One feature of the lobbyist reporting system, found at Section 86116, is that any person who qualifies as a “lobbyist employer” is required to file periodic reports containing information about the lobbying activities being conducted on behalf of the lobbyist employer. Under Section 82039.5, a person, other than a lobbying firm, qualifies as a “lobbyist employer” if the person either: (a) employs one or more lobbyists, for economic consideration, for the purpose of influencing legislative or administrative action; or (b) contracts for the services of a lobbying firm, for economic consideration, for the purpose of influencing legislative or administrative action.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

Section 86117, subdivision (a), provides that the periodic reports required by Section 86116 must be filed by the end of the month following each calendar quarter.<sup>2</sup> Section 86118 requires that the periodic reports of lobbyist employers shall be filed with the Secretary of State.

### **SUMMARY OF THE FACTS**

Respondent Correctional Peace Officers Association of Santa Clara is a lobbyist employer located in Milpitas. Respondent has been a lobbyist employer since March 2, 1993. Respondent qualified as a lobbyist employer throughout that time under Section 82039.5, subdivision (b), by employing a lobbying firm to influence legislative action.

For two quarterly reporting periods between July 1, 2000 and December 31, 2000, Respondent failed to timely file two (2) Lobbyist Employer Reports as follows:

<b>Count</b>	<b>Reporting Period</b>	<b>Report Required To Be Filed</b>	<b>Date Due</b>	<b>Date Filed</b>
1	7/1/00 to 9/30/00	Lobbyist Employer Report	10/31/00	4/2/02
2	10/1/00 to 12/31/00	Lobbyist Employer Report	1/31/01	9/23/01

By failing to timely file the quarterly lobbyist employer reports described above, Respondent Association committed two violations of Section 86117, subdivision (a).

For each of the two delinquent quarterly reports, due on October 31, 2000 and January 31, 2001, the Secretary of State's Office sent two letters to Respondent, advising Respondent that the report was past due. The second letter regarding each report advised Respondent that failing to file the report would result in a referral to the Enforcement Division of the Fair Political Practices Commission.

The Political Reform Division of the Secretary of State referred the matter of Respondent's two delinquent lobbyist employer reports to the Enforcement Division on October 3, 2001.

On November 8, 2001, Enforcement Division Political Reform Consultant Linda Moureaux left a message for Respondent's Chief Financial Officer Ed Meyers regarding Respondent's reporting requirements.

When Respondent Association did not reply to Ms. Moureaux's call, Enforcement Division Investigator Charles Bilyeu called Respondent Association's then legal counsel Douglas B. Allen of Burnett, Burnett & Allen on March 12, 2002. Following several attempts to contact Mr. Allen, Investigator Bilyeu received a telephone call from current counsel Sarah E.

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<sup>2</sup> Regulation 18116 dictates that if the last day of the month falls on a Saturday, Sunday, or official holiday, the filing deadline is extended to the next regular business day.

Gilmer of Olson, Hagel, Waters & Fishburn, LLP on April 5, 2002, stating she would forward copies of the delinquent reports.

On April 24, 2002, Investigator Bilyeu received from Ms. Gilmer a copy of the two delinquent lobbyist employer reports. The Secretary of State date stamp on the lobbyist employer report for July 1, 2000 through September 30, 2000 indicated that the report was filed on April 2, 2002, following Enforcement Division contact. The Secretary of State date stamp on the lobbyist employer report for October 1, 2000 through December 31, 2000 indicated that the report was filed on September 23, 2001, after notification letters were sent by the Secretary of State, but prior to Enforcement Division contact.

### **CONCLUSION**

This matter consists of two counts, which carry a maximum possible administrative penalty of seven thousand dollars (\$7,000).<sup>3</sup>

The typical administrative penalty for failing to timely file a lobbying report has historically ranged from \$1,000 to \$1,500 per violation. In this case, Respondent failed to timely file two lobbyist employer reports. One statement was filed prior to Enforcement Division contact and the other was filed promptly following initial Enforcement Division contact. As this case does not involve any particular factors in aggravation, an amount in the middle of that penalty range is appropriate.

Accordingly, the facts of this case, as well as the aforementioned factors, justify imposition of the agreed upon penalty of two thousand two hundred fifty dollars (\$2,250).

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<sup>3</sup> Prior to January 1, 2001, Government Code section 83116 provided that violations of the Political Reform Act were punishable by an administrative penalty of up to \$2,000. Proposition 34, approved by voters in November 2000, repealed those penalties and added the new section 83116, which provides that violations committed on or following January 1, 2001 are punishable by administrative penalties of up to \$5,000 per violation. Because the violation in count one was committed prior to January 1, 2001, the maximum penalty applicable to the violation is \$2,000. The violation in count two, having been committed after January 1, 2001, carries a maximum penalty of \$5,000.